

# Going Big: Seeking Bipartisan Deficit Solutions in a Year of Uncertainty



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Introduction:

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Featured Speaker:

**Representative Steny Hoyer (D-MD)**

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JIM KESSLER: Good morning. The music you've been listening to is courtesy of Sean Gibbons' iPhone so thank you very much.

December 31, 2012, the Bush tax cuts expire. January 1st 2013, sequestration starts. Couple of weeks either side of that date, debt ceiling is breached once again. It's a triple witching hour of deadlines and expirations, and it's going to signal that we're coming up to a now-or-never moment. We can do nothing, we can do absolutely nothing – this is the Ezra Klein argument – and suddenly our budget numbers work out, Bush tax cuts expire, we have sequestration. And it solves a math problem, but it would be government on autopilot – absolutely disastrous for the nation.

We can kick the can. We can do small things. We can do patches here and there. We can be timid. Or we can start now and put the pieces together for a grand bargain, a big deal that brings in more revenue, reforms and trims health care entitlements, makes public investments where necessary,

reforms Social Security and fixes it forever, gets this nation back on a course of fiscal stability – this nation on a path to growth. We're not going to have another moment like this, what's coming in the next 10 months. It's like Halley's Comet and the Harmonic Convergence. It's a rare moment. It's not going to happen again. We've got to seize it.

My name is Jim Kessler. I'm the vice president for policy at Third Way. It's my honor to welcome you here this morning and to introduce our speaker. If we're going to get our nation back on the path of fiscal sanity, if we're going to win the future and lead the 21st century the way we led the 20th century, if we're going to have a strong, growing, successful, vibrant, secure middle class, it will be because of Democratic Whip Steny Hoyer and leaders like him.

He has led on the budget. He has called on his own party to address entitlements, not an easy position to take. He has decried the cuts-first and cuts-only plans and rhetoric from the Republican Party. He's where the Democratic Party needs to be, and he's fighting for what this nation needs to do. And we're fighting right alongside with him. It's my honor to introduce a growth Democrat, a fiscally responsible Democrat, great friend of Third Way, a great leader for our nation, Mr. Steny Hoyer. (Applause.)

REPRESENTATIVE STENY HOYER (D-MD): I like to come to Third Way just to hear their introductions. (Laughter.) I am so pleased to be here with all of you. Thank you very much for being here. And Jim, thank you for that very, very generous introduction.

Essentially, I could say, I suppose, that I adopt the remarks of the previous speaker and sit down, because he capsulated what essentially I'm going to say in a little longer draft form. But it clearly is essential, I think, that we move and that we move now. And I'm going to speak to that. I want to thank Third Way for hosting this event and for continuing to be a leading voice for responsible fiscal policy in Washington.

Our economy is in recovery. We've seen 10 quarters of growth in GDP; 3.6 million private sector jobs added in the past 23 months; the Dow, NASDAQ, and S&P all up at least 90 percent from March of 20(0)9 – 2009; and unemployment down from a high of 10 percent in 2009 to 8.3 percent today. We should be proud of the progress we've made. But we still have, obviously, a long way to go.

Our number-one priority must continue to be creating jobs and setting our economy back on a course towards sustainable growth that creates opportunities for the middle class. Absent that, we will not accomplish a balance in our budget or a sustainable fiscal path. Federal Reserve Chairman Ben Bernanke told the House Budget Committee earlier this month that growth must take precedence over deficit reduction. I agree with that premise.

However, putting our fiscal house in order by reining in deficits and getting our debt under control is a critical part of ensuring sustainable economic growth. And so I believe it is essential for us to have a plan to reduce deficits once the economy has further recovered.

Our deficit and debt present us with a clear and present challenge. We've seen the record surpluses of the late '90s disappear, replaced by record deficits and a debt that has become, in the words of former Chairman of the Joint Chiefs of Staff Admiral Mike Mullen, and I quote, "the most significant threat to our national security" – not the Taliban, not al-Qaida, not other enemies that might confront us, but internally our own fiscal balance, according to Mike Mullen, the most significant threat to our national security.

Today I want to discuss the critical objective of returning our nation to a sound fiscal path, and why I believe we ought to be working on it now and not waiting until later. Contrary to what some believe, we cannot afford to set this work aside. I'm here to give urgency to the pursuit now of an agreement designed to achieve fiscal sustainability over the long term. We can't wait, and I'll lay out my reasons why.

And I said two years ago – just short of two years ago – and I quote: “Our problem is structural, the product of a generation’s worth of easy decisions. Our problem is not about the short term. It’s an excellent measure of someone’s seriousness to see whether they face the real danger to our future, the structural deficit.” I noted then that deficit reduction will not come from sound bites and gimmicks. We will need serious action that rejects dogma and embraces compromise – not, unfortunately, a popular position for far too many who were elected in the 2010 election.

Two years and several missed opportunities later, my view hasn’t changed. Our need to act has only become more urgent. The CBO’s long-term fiscal outlook presents an alarming future. Under the more realistic but entirely unacceptable scenario, Congress makes permanent the Bush tax cuts, Medicare physicians’ payment rates remain flat and politically easy policies remain unchanged. Should that occur, our external debt-to-GDP ratio would rise from the 70 percent it is today on external debt to 190 percent by 2035. Greece is not at that level.

If internal debt is taken into account, we’re already at 100 percent of debt-to-GDP today. Even accounting for the economy recovering and continued belt tightening, as I said at the beginning, as directed by the Budget Control Act, our debt will still begin to crowd out everything else in the budget. That’s why President Obama’s budget seeks to stabilize our debt through a combination of revenue increases and careful spending cuts. It is projected to save \$5 trillion over 10 years.

Nevertheless, House budget chairman Paul Ryan was critical of it in his “Meet the Press” appearance, claiming it to be full of gimmicks that wouldn’t substantially lower the debt. In fact, the gimmicks he points to are contained in his own budget, which allows debt to grow – to rise 60 percent over the next decade, largely because it refuses to acknowledge what Bowles-Simpson and others made clear: Revenues must be part, though not all, of a balanced solution to our debt.

There is, I believe, a fundamental difference in philosophies between the parties when it comes to how we view revenues. My Republican friends hold that we don't have to pay for tax cuts, that somehow they'll pay for themselves. Alan Greenspan seemed to stand for that proposition in the early part of 2001, and some years later, a few years back, he abandoned that position. Democrats, on the other hand, believe that tax cuts have to be paid for, with the exception – a significant exception – of temporary measures designed to stimulate the economy. Those who have attended my pen-and-pads know that I have said frequently, you cannot stimulate and depress at the same time.

The same Republican attitude is evidenced by the budget proposals of their presidential candidates. According to a new study last week by the Committee for a Responsible Federal Budget, three out of the four remaining candidates would increase the deficit substantially over the next 10 years. Only the Ron Paul budget wouldn't do so, and that's only because he plans – his plan virtually eliminates much of what the federal government does – neither politically viable nor good judgment.

Despite their calls for severe reductions to spending, the other three candidates' unfunded tax cuts would far outweigh the savings they effect, and outweigh them by trillions of dollars. We ought to be honest, we must be honest about the cost of cutting taxes. And we must do better than just taking the politically easy route. For deficit reduction we need something bold and, yes, something will be – that will be difficult but worthwhile to achieve.

I'm not the only one in Congress who shares that view. Last year, while the Joint Select Committee on Deficit Reduction was meeting, I helped lead, along with my friend Mike Simpson, former Republican speaker of the Idaho House, and Heath Shuler, a Democrat from North Carolina, a bipartisan letter from a hundred House members – 60 Democrats and 40 Republicans – representing a wide gamut of political philosophy.

We told the members of that committee to go big. And in it – let me quote that letter. Quote, “To succeed, all options for mandatory and discretionary spending and revenues must be on the table.” That letter, as I said, was signed by a hundred people – 60 Democrats and 40 Republicans. Indeed, one of the Republicans who spoke at the press conference on that is from Wyoming. And she is a – as I understand it – supported by the tea party in her election. So it represented a broad spectrum of views and the thought that going big was absolutely essential, and that there would be support for such an action.

Many of us look to the findings of the Bowles-Simpson and Domenici-Rivlin commissions, along with the Senate Gang of Six as a framework. And I believe there’s still broad consensus that ultimately any comprehensive plan will resemble these proposals, which called for balance, for cutting spending, and revenue increases. Our tax code is complicated, contradictory and extraordinarily inefficient. We need comprehensive reform.

Such reform should greatly simplify filing, facilitate ease of compliance, eliminate disparities in treatment and, yes, raise additional revenues while bringing down rates and reducing preferences. A willingness to reach a comprehensive deficit reduction solution will also mean taking a serious look at the sustainability of our entitlements, while ensuring that the most vulnerable among us are protected. That can clearly be done.

I was deeply disappointed that the Joint Select Committee, of which I spoke, could not reach an agreement, even knowing there were large groups in each party and each chamber ready to support what it produced. Frankly, I worked behind the scenes all of that Monday the 23rd to try to get the committee to ask for an extension of its mandate so the discussions and work could continue. Unfortunately, that opportunity was missed.

Now we are facing the prospect of a painful sequestration. Simply walking away from sequestration, however, would be

waving the white flag in the face of CBO's projection of a dismal fiscal future. However, sequestration remains, I think, not a very rational response. It was the blunt instrument established to force both sides to the table and keep them there. It is not a solution in and of itself. Sequestration, in my view, should have provoked compromise and fiscal common sense. Unfortunately, it did not.

It should be replaced, but replaced only by the kind of big, bold, balanced solution the Joint Select Committee was supposed to produce. A number of Republicans have launched a campaign to repeal the defense sequestration, and leaving nondefense cuts intact. This means, of course, relying only on cuts to domestic spending, which will unfairly burden the middle class and working families. And in any event, if you eliminate it – nondefense discretionary spending – you would not get to where we need to be. Simply eliminating any part of the sequester is an idea that ignores the point of having created it in the first place.

At the same time, this is a perfect example of why sequestration was established. It ought to remain a painful reminder of our failure to compromise and a powerful incentive to do so. We must see it for what it is, a mutually assured deterrent to inaction. The sequestration also reflects the reality that deficit reduction will require contributions from everyone. Many Americans have already tightened their belts. Some of you have heard me speak – federal employees have received freezes in cost-of-living adjustments that have already contributed \$60 billion over the next 10 years toward bringing down our deficits, and new employees will now have to contribute more to their pensions, reducing the deficit by another \$15 billion. There is another some \$40–50 billion on the table of reductions to federal employees.

In my view, they're prepared to pay their part, but only if others are willing to contribute as well. No single group of individuals, though, should be asked to contribute without everyone else being asked to as well. That's what Bowles–

Simpson said. That's what Domenici-Rivlin said. That's what the Gang of Six have said.

Recognizing the seriousness of our debt, Democrats have reached out to work with Republicans in a comprehensive deficit-reduction package. They're doing so in the Senate. We've done so in the House. In 2010, the president convened the Bowles-Simpson commission. In 2011, we continued with talks led by the vice president that brought House and Senate leaders, Democrats and Republicans, and the administration to the table to flesh out what he – what we hoped would be a workable solution.

Efforts continued into the summer, as all of you know, with discussions led by the president during the debt ceiling and default crisis – in which, in my opinion, we took one of the more irresponsible acts I have seen in 31 years and brought America to the brink of default, and led, for the first time in the lifetime of anybody that is here, in having a downgrade by one of the agencies of the creditworthiness of the United States of America. The fact that none of these efforts led to a comprehensive agreement is further evidence of the difficulty of this challenge.

That's why we all must be committed to continuing this dialogue and working toward agreement. All options must remain on the table. There is no alternative, and we must do what is right for our country even when it requires hard choices. We have a constitutional duty and a moral responsibility to the American people not to walk away. We must refuse to play the politics of delay when action is urgently required. As I said earlier, we must not wait for the next election. We must not wait for the next election.

We must not wait for things to get worse for our budget, for American businesses, and for American families. There is never a time when the next election is not looming before us. I think we ought to all have that recognition – there is always a next election. On November 7th of 2012, there will be the prospect of the next election. There's never a moment when we (aren't ?) free from the constraints of our politics.



It's not going to get easier to reach an agreement. In fact, it will only get more difficult as time passes and our debt grows. That's one reason why I will keep pushing to reach an agreement before November, and why everyone concerned about our debt ought to do so as well. The conventional wisdom in Washington is that our window for reaching a solution is after the election and perhaps during a lame-duck session.

By then we'll know the shape of the 113th Congress, feel the pressure of a looming sequester, and once again confront the expiration of the '01 and '03 tax cuts. That's where people, including many in this room, see leverage points for making progress. But the action necessary to reaching a solution requires bipartisan support and a sharing of responsibility of the tough decisions that must be made. In fact, I believe that is the only way it will be done. A shared power that now exists provides a unique opportunity to build on the dialogue both sides began last year. We're also aware that we can't always choose our own – our own calendar. All too often it chooses us.

In a speech to the Committee for Economic Development last year, Honeywell CEO David Cote, who served as a member of the Bowles-Simpson commission, said this – and I quote: “Something will happen here, and it will be one of two ways. The first is to do it, meaning reaching an agreement thoughtfully and proactively the way a great nation should. The second is to wait until the bond market forces us to do it, like Greece did. The faster we act, observed Cote, the less painful it will be for everyone. I share that view. That's why the debt crisis facing Europe right now should serve as both a lesson and a warning.

The real issue facing us is whether we can avoid being caught off guard in April or September should the effects of Europe's crisis wash across the Atlantic. It's whether we can start working on a solution now so that we're not unprepared should that occur. That's why we can't wait until after the election. We must continue working on a big, bold, and

balanced solution now. We need to look seriously to the framework of Bowles-Simpson and others as a guide and make sure talks take place.

It is incumbent upon us, in my view, to build on the efforts of the bipartisan groups that 100 House members spoke to earlier. There are ongoing efforts as a result of having formed that group in the fall. Members of both parties and on both sides of the Capitol are working to ensure that the next time we find ourselves at an impasse, which could be sooner rather than later, we will be ready with a legislative package in hand to address our debt and deficits in a comprehensive, long-term way.

These members understand that a comprehensive deficit reduction agreement would restore faith in our credit and in our institution of government. It would show the American public that our country is on the right track. Internationally, it would demonstrate that Americans can lead, not only on issues of global security, but also lead by example in exercising much-needed fiscal responsibility. Furthermore, I believe it would also provide the biggest single stimulus to the economy that we could achieve.

Setting our economy back on a sustainable, predictable fiscal path will help us create jobs by restoring certainty for businesses and enabling them to plan for a future without the brinksmanship that has characterized this Congress. I frankly think that's what happened in 1993. We set ourselves on a fiscally sustainable path, which gave confidence to the business sector and to consumers and indeed to the rest of the world.

Without certainty, businesses can only focus on the short-term, which leads to missed opportunities for growth and fewer investments that have wider economic benefits. There's over \$2 trillion in cash being held in corporate balance sheets just waiting for the right time, just waiting for a restoration of confidence to put that money back to use growing the American economy. A comprehensive agreement on our fiscal future would, I believe, restore the atmosphere

of fiscal calm needed for businesses to unleash their capital to great effect.

Democrats must be ready to do our part. But those of us who are still pushing Congress to go big cannot do it alone. There needs to be pressure from all sides on those who have power to make it happen. I was, frankly, very disappointed when the select committee on budget and deficit reduction failed, there was little public outcry. Now expectations, of course, were very low for the success of that group. But the lack of a response from the public was a deafening silence which led, in my opinion, to a sense that this should not be addressed in the short-term.

There needs to be pressure from all of us. We need to feel it. We need to know that if an agreement is reached, it will be supported by the public. We need opinion-makers from both sides to add to the sense of urgency everyone in Washington ought to feel, much like Andy Stern and David Stockman did when they wrote the following in a recent op-ed – now there's a group, Andy Stern and David Stockman. Well, how much would you bet that they would be united in purpose and objective? They are because of the compelling nature of the crisis that confronts us. They said this: This country needs a deal. We need to fix our busted budget system, revamp our broken tax code, and reform our Social Security and health care programs so that citizens who depend upon them can count on them.

And (our ?) old proverb says, "Good judgment comes from experience, and experience comes too often from bad judgment." We've learned hard lessons over the past 30 years, we've gained much experience, and we ought to translate that into good judgment when it comes to fiscal policy. And good judgment – good judgment tells us that our challenge(s) are too great to get – to be faced with division or pushed off until tomorrow. One party isn't going to get us out of this, and it won't be done by waiting for another election to pass. It will require compromise by both political parties

and contributions – not sacrifices – contributions from all Americans.

Turning our deficit around and getting America back on the right track clearly won't be easy. Then again, the important steps are really very rarely easy. I pray that we can summon the political courage and will and wisdom this challenge requires of us. Greece does not have the resources to solve the fiscal crisis that confronts it. Their citizens are going to have to sacrifice. They waited too long; the crisis became too deep. America has the resources to meet its challenge. It needs the courage and the will to do so. America's future and the quality of life for our children and future generations depends on it. Thank you very much. (Applause.)

MR. KESSLER: Thank you very, very much. That was a very compelling and cogent speech on one of the most serious economic problems this nation is facing. Thank you for your leadership. Mr. Hoyer will be taking some questions. So if people want to – let's start here and then go back there. OK?

Q: (Off mic.)

MR. : Oh, here's the microphone.

Q: Hi. My name is Michelle Hirsch. I'm a reporter with The Fiscal Times. Thank you so much for holding this event. I just wanted to ask you –

REP. HOYER: I just came. Third Way held the event – (laughter) – and I appreciate their providing this forum for it. But thank you very much.

Q: (Inaudible.) I wanted to ask, one of your former colleagues, Vic Fazio, had said last week that he thought that some of –

REP. HOYER: Who was this?

Q: Vic Fazio said last week –

REP. HOYER: How do you spell his last – (laughter). He is – he is one of my closest friends. And I believe I saw Vic here.

MR. : (Inaudible.)

REP. HOYER: Vic is at the back of the room.

MR. : (Off mic.)

REP. HOYER: That's right. (Laughter.)

Q: He had said at the center for – Committee for a Responsible Federal Budget that he thought that some folks in the left wing of your party were missing an opportunity to safeguard some of the discretionary programs they hold dear by resisting entitlement reforms. Do you agree with that?

REP. HOYER: I think – I always agree with Congressman Fazio. I think Congressman Fazio is correct. I think that we delude ourselves, as those who support strongly discretionary spending – nondefense discretionary spending, that it will remain intact if we do not get on a fiscally sustainable path.

We see daily – not only among members of Congress, but among the public as well – unfortunately, there is a focus on nondefense discretionary funding as if that were the cornucopia cup that would solve our fiscal problem. It is some 14 percent, 15 percent of the budget. It – if we – as I said earlier, if we eliminated all discretionary nondefense spending, we would not solve our problem.

If we do not solve our problem, however, the focus will continue to be placed on those programs that I think Congressman Fazio was (talking ?) – and a large number of my party, including myself, are very concerned about in helping working Americans and the most vulnerable Americans in times of need. So that – I think fiscal balance and solutions are essential if we're going to be able to maintain the programs necessary for those in America who need them most.

Q: Thank you.

REP. HOYER: Thank you.

Q: Hi. It's Erik Wasson from The Hill. You mentioned conversations were under way about – it seemed like a

legislative package, having one prepared. Are you saying there's sort of a gang of 100 negotiation going on in the House? And related to that, would you see next month's budget resolution vote as an opportunity to offer a balanced plan on the floor?

REP. HOYER: I think, first of all, there are ongoing discussions. I think it would overstate it to say it's among a hundred. The hundred were essentially a hundred people who signed a document to the committee, as you know, said go big. And you recall Congressman Lummis, the lady from Wyoming, very conservative Republican, very responsible, in my opinion, in her saying: Look, I don't – they're going to be some of these things I don't like, but we need to go big and we need to get this done. But that would be overstating it to say a hundred people are involved in negotiations.

There are ongoing – there is ongoing work, however, to put concrete proposals to paper in legislative forums so that, as I said, there will be an opportunity to offer those proposals. Obviously you want to create a large consensus for that before you offer it, so that its defeat is – if defeated – temporary only, and not undermining of what the objective is. And that is getting a big, bold, balanced plan adopted. But there is work ongoing, and I expect that work to be largely completed before the budget is offered.

MR. : (Off mic.)

Q: Hi, Katy O'Donnell with National Journal. Is there – are there any specific ideas to curb entitlement spending that Democrats are rallying behind at this point? You mentioned the Ryan plan, which – whatever problems Democrats have with it – does represent a solution or, you know, approaches to a solution that Republicans have gotten behind. And we haven't seen a similar budget from Democrats that everybody is kind of getting behind. So –

REP. HOYER: Well, the president, as you know, has made some proposals in his budget. There is no – if you're talking about a consensus Democratic document, no; the answer to

that is, there is none. But as I mentioned in my remarks, Bowles-Simpson, Domenici-Rivlin and the Gang of Six in the Senate all discussed entitlements and all dealt with them. I've – I did that a year and a – I guess nine months ago now, in June of '09 – dealing with, I think everything needs to be on the table. But there is not yet a document that I want to refer to, to specific proposals.

Suffice it to say that there are a lot of ways, in my view, you can make sure that both Social Security and Medicare are sustainable without privatizing those or making them grant programs. The Democrats' position is that they both need to remain a guarantee. They both need to sustain, in the short term, those who are now retired on the benefits they were expecting and counting on for their retirement. But they both need to be – they need to be modified in the future so that they will be sustainable. So I'm not going to get into specific proposals. I did last time and I said everything ought to be on the table; I will reiterate that.

MR. : (Off mic.)

Q: Hi, Congressman.

REP. HOYER: Hi.

Q: David Water (sp) with Reuters News Service. Just on a slightly different topic, there's a lot of concern right now about gasoline prices and talk about perhaps the president tapping the Strategic Petroleum Reserve. Do you think that's a good idea, and are Democrats engaged with the White House to try and persuade them to do that?

REP. HOYER: There are discussions about that. I think you may know that historically I have been reticent about using the SPRO, the Strategic Petroleum Reserve, in what I believe to be nonemergency times. Emergency times are when supply is disrupted. Very frankly, supply is not being disrupted; there are no lines at the gas tanks anywhere in the country as far as I know. I experienced those long lines in the '70s when there was supply disruption and when the cartel was controlling supply.

My view is, though, there will be ongoing discussions – because clearly the price of gasoline is having an effect on our economic growth. It is hurting families. And therefore I'm sure we will be discussing that as prices are projected to rise even further. In our area now they're around 3.57 (dollars), 3.59 (dollars), 3.60 (dollars). But in some areas of the country they're well over \$4.00 and predicted to go to \$5.00. My own view is that speculation and fear of what might happen is more a cause than the supply issue.

And on the supply issue, the president observed correctly that there is a greater production now than there has been in almost a decade of petroleum-based products in the United States domestically than there has been. So our supply is up. So although the SPRO is a possibility, as you're – and I'm sure we'll have discussions about that, the release – because we have this global marketplace, and where China and India are making such demands now on petroleum resources – it's difficult to control prices through the SPRO, I think.

Q: Even if we get to \$5.00? I mean, do you think – (inaudible) –

REP. HOYER: Well, I think – I think the higher it gets, there's more pressure there's going to be to release significant amounts of the SPRO. Whether that will have a significant impact on prices, I personally am not confident of.

Q: Thank you.

Q: Hey, Congressman. Corey Boles, Dow Jones. The administration last week rolled out its corporate tax reform plan. Do you see that being rolled into this all-singing, all-dancing deal towards the end of the year, or is that more likely to get kicked into 2013 – if it happens –

REP. HOYER: Well, I think it could be either way. I happen to think the president's proposal is moving in the right direction. The president said in his State of the Union a year ago, and said – reiterated in his State of the Union this year, that we need to be competitive corporately in terms of – from a tax posture, as well as a lot of other perspectives.



As you know, I am a very big proponent of the – what we call Make It In America. The president talked a lot about that. He didn't use the phrase; he used "made in America." But he talked a significant amount of time in his State of the Union about manufacturing. When I tell people that we're supporting an agenda, Make It In America, and we're going to – president wants to double exports – we're only going to make it in America if we can make it profitably in America. We can't expect the private sector to be making things if they can't profit from it, and therefore their investors' capital is being used wisely.

So that – I think the president's corporate tax proposal is a good one. I don't know that I agree with every part of it. We're studying it. But I think it certainly moves in the direction that I think is appropriate to make us competitive. And, yes – because, you know, he brings in revenues, although it is a zero-sum game – but he pays for, in his proposal, a lot of what we know we're going to extend on these tax extenders – investment tax credit, wind, alternative energy, other tax credits that we're going to extend. It pays for those, but otherwise has a zero-sum game. I think that it's moving in the right direction.

And it could be – it could be used in either instance: in a big plan – a big, bold, balanced plan – or it could be used at the end of the year, as we address the tax questions which Jim (sp) referenced earlier. The '01 and '03 extension obviously is going to be a very significant issue we're going to have to address at some point in time before January 1, 2012. Now whether the Republicans offer an extension of that out of their Ways and Means Committee prior to that – prior to the election, for purposes of a vote, we'll have to see. But the president's made it very clear he intends to veto any extension of the 2001 and 2003 tax plans on those above 250,000 (dollars).

Q: (Inaudible) – thank you. I wanted to follow up on the question on gas prices. Both parties – today is the 20th day that gas prices have gone up in a row. Both parties have said

they're for "all of the above" strategy. The president's saying it; House Republicans say it. But you just said you were skeptical about tapping the SPRO. What is – is there anything Congress can do to really immediately bring down the price of gas?

REP. HOYER: Very difficult. You know, we have an international market. And as I said earlier, we have some very large consumers that were not present, frankly, in the '70s. And the – not that there's an analogy between the '70s and today, other than observation about supply – but I mean, China and India in particular are great users now, that were not users historically. So it's very difficult for us to affect price individually.

We can – and the reason we're all for "all of the above" – to the extent that we're energy-independent, that's good for our national security. And, as well, it is good for our competitive pricing system internationally. To the extent that we bring down – we're the biggest user of petroleum products in the world – to the extent we bring that down, assuming there is in fact a relationship between supply and demand, that will help.

We have made some very substantial progress. We've made substantial progress from a conservation standpoint – the CAFE standards; we're now very significantly increased those standards. Obviously we're producing more energy-efficient automobiles: hybrids, electric. We are looking to alternative sources of energy. But we're also using our own petroleum products. But it's very – you're right; it's very difficult to – my view is, very difficult to control prices. And I think most people would agree to that.

With respect to the SPRO, let me reiterate again: The SPRO was set up, in my view, to provide emergency relief in the – in the instance of a supply disruption, i.e. a very substantial conflagration in the Middle East where supply would be interrupted very – in a very substantial way. The SPRO is there to ensure, at least in the short term, the ability of the United States to sustain that supply disruption. It was not set

up to manage prices. That's not to say that it hasn't been used in the past when prices came up, because it has. And it may well be used for that in the – in the future.

I'm not one of the – I'm one of the skeptics as to whether or not it has a very great impact on prices. And therefore I'm a one who wants to make sure that we continue to have a robust supply of petroleum product in the – in the event of supply disruption, which is not something that would be too farfetched in light of the fact that so much of the world's oil supply comes from a – one of the most volatile regions in the international community.

Are we quitting? (Laughter.) OK.

MR. : Thank you very much, Mr. Hoyer. Democrats have successfully blocked the Ryan plan and protected Medicare and Social Security and Medicaid. And Republicans have successfully blocked any end to the Bush tax cuts. And approval ratings are at 10 percent for Congress. So as Mr. Hoyer said, there may never be a great time, politically and in the election cycle, to do a big deal. What we're doing right now isn't working. It's not working for our economy, and it's not working with our public opinion. So maybe it's a better time than we think.

Thank you once again, Mr. Hoyer, for your leadership. Thank you, everybody, for coming this morning. We look forward to seeing you again. (Applause.)

(END)

#### TOPICS

<b>BUDGET</b> 89
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